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SUBJECT: ISLAMIC TRADE FINANCE CORPORATION GIVES \$40 MILLION TO IMPROVE FOOD SECURITY AND AGRICULTURAL PRODUCTIVITY IN MAURITANIA

¶1. Summary. The Islamic Trade Finance Corporation (ITFC) signed a \$40 million agreement with the Government of the Islamic Republic of Mauritania (GIRM) to improve food security, agricultural productivity, and land management. Of the \$40 million package, \$14 million will be for increasing food stocks and improving agricultural productivity and \$26 million will be used to expand agricultural lands by 7900 acres. A mission from the ITFC will visit Mauritania in August to conduct an assessment of the agricultural sector and further develop the plan to increase agricultural lands. End Summary.

¶2. The ITFC signed a \$40 million agreement June 9 with the GIRM to improve food security, agricultural productivity, and land management. The package for Mauritania is part of a larger \$1.5 billion Islamic Development Bank program to address food security in 26 of the least developed Islamic countries.

The \$40 million for Mauritania comes in the form of a loan made on very concessional terms to the GIRM. The \$40 million package will be divided into two parts: \$14 million for food security and \$26 million for land management. For the food security portion, \$2 million will be devoted to increasing food stocks and the remaining \$12 million will be used to improve agricultural productivity. To increase agricultural productivity, the money will be used specifically to provide agricultural inputs, pesticides, fertilizers, and mechanized equipment.

¶3. The remaining \$26 million will be for longer-term land management programs to bring more land into cultivation. It will be implemented over a five year period. The program aims to increase agricultural lands by 3200 hectares (7900 acres) during this period. Much of the money will be spent on developing water sources, installing irrigation systems, and fencing. The land management program is being co-financed by the ITFC and the Islamic Development Bank. Hassan Ould Boukhreiss, Director of Financing and Project Supervision at the Ministry of Economy and Finance, told EconOff that the GIRM has asked the Saudi Fund for Development for additional funding to expand the program.

¶4. A mission from the Islamic Development Bank and ITFC will be in Mauritania in August. The mission will be conducting an assessment of the agricultural sector in Mauritania and visiting different sites to further develop the details of the land management program. It will also be looking for ways to enhance cooperation between the public and private sectors to improve agricultural development.

¶5. The loan from the ITFC comes at a critical time for Mauritania. A joint GIRM-World Food Program (WFP) study shows that rural food insecurity has increased 30% over the past year and estimates that over 650,000 people among a population of just three million are food insecure. To combat food insecurity President Abdallahi announced a \$110 million food emergency program in April and WFP has increased operations in Mauritania, budgeting over \$30 million for 2008-2009. The money from the ITFC will be a supplement to the GIRM's food emergency program and WFP's programs, not a

part of them. The funds from the ITFC to increase land under cultivation are especially important because Mauritania must import 70% of its foodstuffs, rendering it extremely vulnerable to soaring international commodity prices. While Mauritania will likely never be food self-sufficient, it can certainly produce more than it is now by improving agricultural techniques and productivity and bringing more land into cultivation.

Boulware